



TMA UBO Pharmacy Rates Update

Presented by the UBO Support Team

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UBO Pharmacy Pricing



- The UBO Pharmacy Rate File does **not** limit availability of pharmaceuticals
 - It only establishes what will be charged if billed



Agenda



- Pharmacy Rate Update Summary
- Background
- Pharmacy Rate File Details
- Communication Activities
- Pharmacy Price Estimating Tool
- Questions



Pharmacy Rates Update Summary



- November 2007 Managed Care Pricing File (MCPF) has been downloaded and will be used to set the next rate file - 121,124 National Drug Codes (NDCs)
- 70,453 NDCs have assigned billing rates in the UBO Jan 2008 Pharmacy Rate File
 - Includes diabetic OTCs
- Rates are effective January 22, 2008



Pharmacy Rates Update Summary Miscellaneous Supplies

- Removed miscellaneous supplies - 1,292 NDCs
 - Not Priced in the UBO Rx Rate File due to the diversity of pharmaceutical items and cost variance within a GSN

Example: GSN 010959 – Miscellaneous Medical Supply (Not priced)

- Surgical Cap - \$0.16
- Pill Splitter - \$3.03
- Blood Pressure Cuff - \$60.18
- Enteral Delivery Pump - \$1,024.84



Pharmacy Rates Update Summary Over-the-Counter

- Removed Non-Diabetic Over-the-Counter (OTC) NDCs - 49,379 NDCs
 - Not Priced in the UBO Rx Rate File because they are not a TRICARE Covered Benefit

Example:

- Acetaminophen (Tylenol) 325 MG Tablet
- No Doz (Caffeine) 200 MG Caplet
- Mineral Oil Enema



Pharmacy Rates Update Summary Diabetic Over-the-Counter



- Did not remove diabetic OTCs - 2,491 NDCs
 - Diabetic OTCs - Priced in the UBO Rx Rate File (TRICARE Benefit)

Example:

- Insulin Syringe U100 1 ML
- Novolin R 100 UNITS/ML Cartridge
- Glucoprotein Test Strip



Background

UBO Requirement to Develop Reasonable Charges



- 32 CFR 220.8 states reasonable charges:
 - "...rates used by the CHAMPUS program to reimburse authorized providers..."
 - (6) "...charges for pharmacy, durable medical equipment and supplies are based on CHAMPUS prevailing rates in cases in which such rates are available, in cases in which such rates are not available, on the average full cost of these items..."
- TRICARE Reimbursement Manual, Chapter 1, Section 15 states, "the allowable charge will be the acquisition cost plus a flat fee¹... the acquisition cost is the Average Wholesale Price as reported by the latest annual Drug Topics Blue Book."

¹ The flat fee is the processing fee paid to the managed care support contractor



Pharmacy Rate File Details



UBO Pharmacy Pricing Methodology



- Uses the **median** AWP unit measure (e.g., per tablet) price of all National Drug Codes (NDCs) within a Generic Sequence Number (GSN) and applies that rate to all of the NDCs within that GSN
 - A GSN is a grouping of all NDCs with the same active ingredient(s), strength, and dosage form
 - When there is no AWP unit measure price for a GSN use the median Prime Vendor Price (PVP) unit measure price
- Does **not** charge a separate dispensing fee
 - The AWP covers our supply, personnel and facility costs
 - Most drug retailers no longer bill dispensing costs separately
- Avoids generating unnecessary **“no payment”** bills
 - Does **not** establish rates for miscellaneous supplies due to item diversity within the miscellaneous supply GSNs
 - Does **not** establish rates for most Over-the-Counter (OTC) drugs (Note exception for diabetic OTCs)



Unit Cost of Measure – **All NDCs**



Rate File	Average Unit Measure Cost of Pharmaceuticals	Median Cost of Pharmaceuticals
July 2007 (All NDCs)	\$18.99	\$0.50
July 2007 (No OTCs)	\$28.48	\$0.91
Jan 2008 Update (No OTCs)	\$25.40 ↓ 10.81%	\$1.03 ↑ 13.18%
Jan 2008 Update (with Diabetic Supplies)	\$24.70	\$1.01

NOTE: Data in the above table reflects simple averages based on all NDCs price UBO Rate Files. Data are not weighted based on number of prescriptions or units prescribed



Unit Cost of Measure: Market Comparison



Most Frequently Prescribed NDCs/Drugs in FY07	Average Unit Measure Price
UBO - Jan 2008 Rate File	\$2.92
Walgreens.com	\$3.08
Costco.com	\$2.72
CVS.com	\$3.42

Of the top 100 most frequently prescribed drugs (based on NDC) in the Pharmacy Data Transaction Service (PDTS), we were able to obtain unit measure pricing for 74 from all three on-line commercial pharmacies.

This table reflects the average unit measure cost for those 74 drugs. The comparison does not include any shipping or handling charges applied by the commercial pharmacies.



Manual Pricing Adjustments

- 16 GSN rates reset to the July 2007 rates due to high pricing variances comparing the July 2007 and proposed Jan 2008 rates
- Business rules used to determine eligible GSNs
 - Identify all NDCs that are using PVP source to set price for the current update
 - Identify those NDCs that used an AWP as the source to set price for the July 2007 file
 - If an AWP was used last summer, reset the rate to the July 2007 rate
 - Otherwise, accept the new price as a valid price increase if all other factors remain the same
- Price of Botox changed to the PVP pricing based on feedback received during cosmetic surgery teleconferences (AWP pricing: \$530.1, PVP: \$354.05)
- Carry forward pricing for 5 NDCs that were previously adjusted manually



Communication Activities



- Coordinate new rates with TMA Pharmacy Committee
- Brief Resource Management Steering Committee (RMSC)
- Brief UBO Advisory Working Group (AWG)
- Hold open teleconferences for MTF UBO staff and other interested parties regarding the Updated Pharmacy Rates
- Notify DoD Education Activity (DoDEA) as to upcoming rate update
- Publish an article in the UBO Quarterly Newsletter
- Release Pharmacy Price Estimating Tool (PPET) to allow Pay Patients at the MTF to view drug prices so that they can make informed purchasing decisions
- Release new rates package January 22 2008



Pharmacy Price Estimating Tool (PPET)



PPET



- Patients can inquire on prescription costs to allow for price comparison
- Search by drug name or NDC
- The total cost is the unit price in the pharmacy rate file multiplied by the quantity
- New version uses the pharmacy rate table effective January 22, 2008
- Contact your UBO Service Manager for access to the tool

PPET- Search by Drug Name

Pharmacy Pricing Estimator Tool (as of January 22, 2008)

File Edit Insert Records Window Help

Type a question for help

Drug Information Input

☒ DRUG NAME ☐ NDC

Drug: Qty:

DRUG(Generic Or Brand)	DRUG(Generic)	DOSAGE FORM	UNIT MEASURE	TOTAL PRICE
ZOCOR 10 MG TABLET	SIMVASTATIN	Tablet	EA	\$72.00
ZOCOR 20 MG TABLET	SIMVASTATIN	Tablet	EA	\$125.40
ZOCOR 40 MG TABLET	SIMVASTATIN	Tablet	EA	\$125.40
ZOCOR 5 MG TABLET	SIMVASTATIN	Tablet	EA	\$53.70
ZOCOR 80 MG TABLET	SIMVASTATIN	Tablet	EA	\$125.40

Prices displayed in this tool are based on the full reimbursement rates approved by Uniform Business Office Program Office. The prices actually charged may vary based on DoD agreements in effect at the time the prescription is filled.

The DoD Pharmacy Estimator Tool estimates the charge for a given prescription based on several characteristics (i.e., active ingredient, drug strength, dose form, etc.). To estimate the charge for a pharmaceutical, please enter in either the "drug name" (i.e., Allegra, Flonase, Zocor), or the NDC Number (an 11-digit unique drug identifier), and the quantity to be dispensed (i.e. 30, 60, 90). If you enter the drug name, the tool will display the charges for that drug at each level of drug strength in the system. You will then need to choose the correct drug strength from the list (i.e., 10MG, 20MG, 40MG). If you enter the NDC, the system will display the charge for that NDC and quantity. The charge displayed represents the unit price of the drug, multiplied by the quantity to be dispensed.

Example: For Allegra 180 mg tablet, (Unit Price of Allegra \$2.45 x 30 tablets) = Total price \$73.50

- Select Drug Name as a search method
- Enter the drug name
- Enter the quantity
- Click Submit



PPET- Search by NDC

Pharmacy Pricing Estimator Tool (as of January 22, 2008)

File Edit Insert Records Window Help

Type a question for help

Drug Information Input

☐ DRUG NAME ☒ NDC

Drug: 00006073528 Qty: 30 [Submit]

NDC	DRUG(Generic Or Brand)	DRUG(Generic)	DOSAGE FORM	UNIT MEASURE	TOTAL PRICE
00006073528	ZOCOR 10 MG TABLET	SIMVASTATIN	Tablet	EA	\$72.00

[Find NDCs] [Reset] [Export] [Print] [Exit]

Prices displayed in this tool are based on the full reimbursement rates approved by Uniform Business Office Program Office. The prices actually charged may vary based on DoD agreements in effect at the time the prescription is filled.

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Example: For Allegra 180 mg tablet, (Unit Price of Allegra \$2.45 x 30 tablets) = Total price \$73.50

- Select NDC as a search method
- Enter NDC
- Enter the quantity
- Click submit



PPET- Search for NDC for Manual Billing



Pharmacy Pricing Estimator Tool (as of January 22, 2008)

File Edit Insert Records Window Help

Type a question for help

Drug Information Input

☒ DRUG NAME ☐ NDC

Drug: Qty:

DRUG(Generic Or Brand)	DRUG(Generic)	DOSAGE FORM	UNIT MEASURE	TOTAL PRICE
ZOCOR 10 MG TABLET	SIMVASTATIN	Tablet	EA	\$72.00
ZOCOR 20MG TABLET	SIMVASTATIN	Tablet	EA	\$125.40
ZOCOR 40 MG TABLET	SIMVASTATIN	Tablet	EA	\$125.40
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Example: For Allegra 180 mg tablet, (Unit Price of Allegra \$2.45 x 30 tablets) = Total price \$73.50

- Select Drug Name as a search method
- Enter the drug name
- Enter the quantity
- Click Submit
- Select the drug and the dosage you wish to find an NDC
- Select the "Find NDC" button middle of the screen
- A window will pop up with the listing of NDCs for the particular drug and dosage- select the NDC you wish to use for manual billing



Questions and Issues



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